

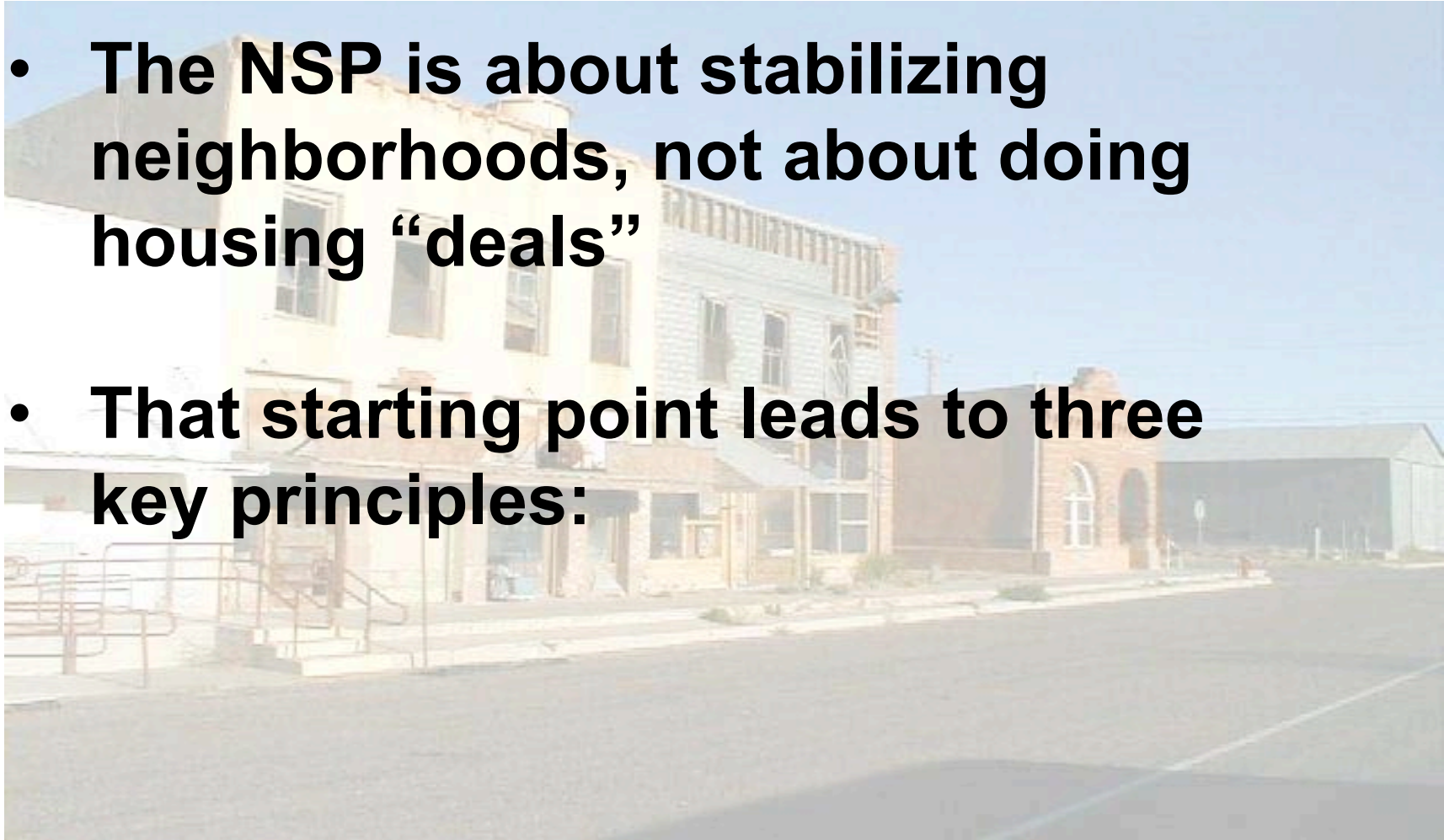


# Thinking strategically about the Neighborhood Stabilization (NSP) program

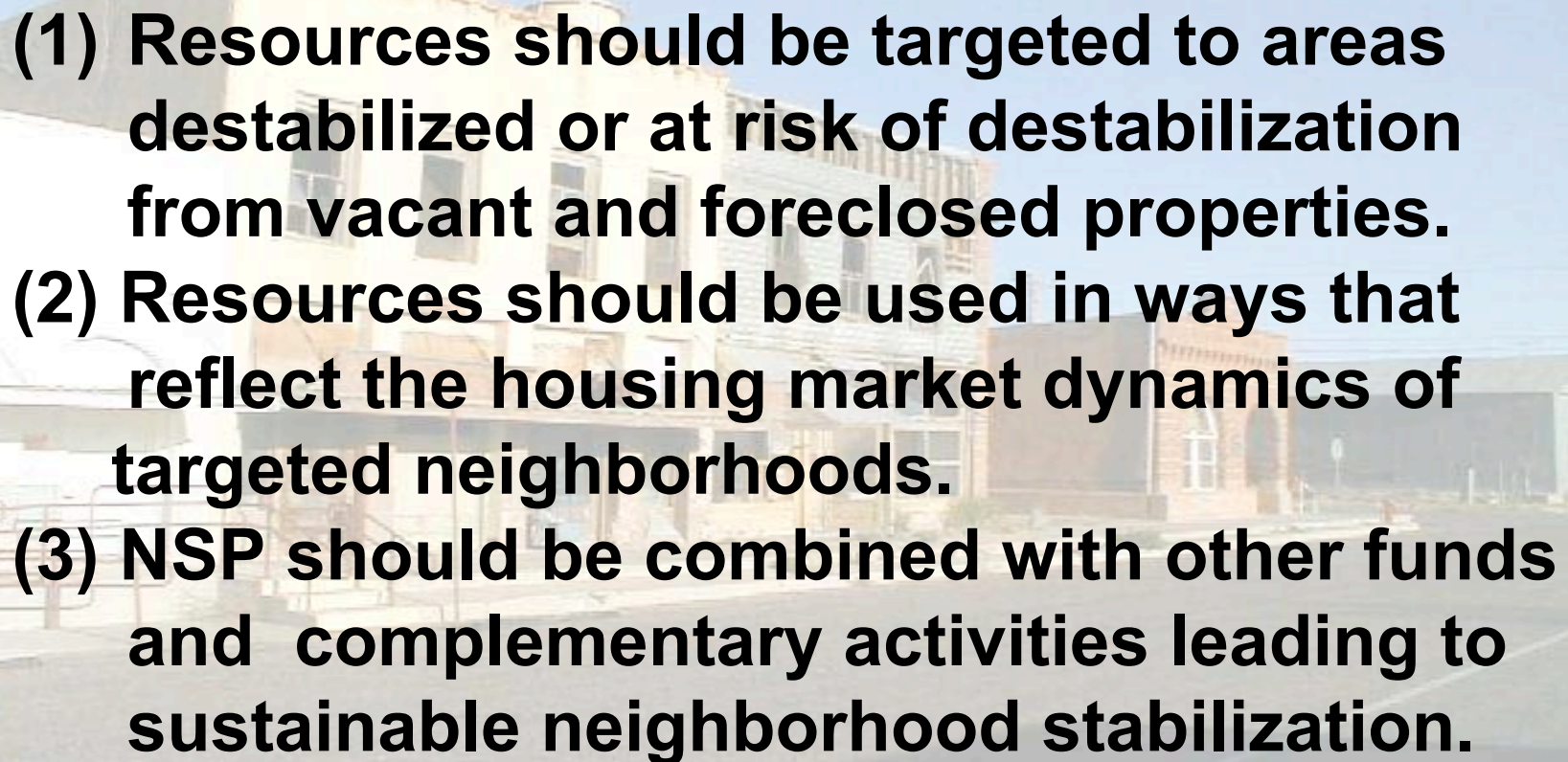
**Alan Mallach**  
**Nonresident Senior Fellow**  
**The Brookings Institution**

## Neighborhood Stabilization Program

- **The NSP is about stabilizing neighborhoods, not about doing housing “deals”**
- **That starting point leads to three key principles:**



## **Neighborhood Stabilization Program**

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- (1) Resources should be targeted to areas destabilized or at risk of destabilization from vacant and foreclosed properties.**
  - (2) Resources should be used in ways that reflect the housing market dynamics of targeted neighborhoods.**
  - (3) NSP should be combined with other funds and complementary activities leading to sustainable neighborhood stabilization.**



## Neighborhood Stabilization Program

### **Different targeting strategies may be appropriate in different communities:**

- Jump-start market recovery in neighborhoods close to market recovery
- Build functioning markets in areas with frayed but still intact physical fabric
- Create long-term redevelopment potential in severely distressed neighborhoods

**Strategies should be directed to areas where the available resources can have a significant impact**

## Neighborhood Stabilization Program

### **Market conditions and neighborhood destabilization are closely linked:**

- Neighborhood *destabilization* is a function of market deterioration or failure.
- Neighborhood *stabilization* is a function of restoring a functioning, vital market.
- NSP funds should be directed toward restoring well-functioning housing markets.

## Neighborhood Stabilization Program

### **Understanding market conditions can help make sound program decisions:**

- To acquire property OR allow the market to take its course
- To rehabilitate OR to demolish properties
- To hold OR to reuse properties, and reuse for what purpose
- To sell OR rent properties.



## Neighborhood Stabilization Program

**NSP activities need to be combined with other strategies to stabilize at risk or destabilized neighborhoods:**

- Programs to reduce future foreclosures and keep people in their homes
- Code enforcement and nuisance abatement to minimize destabilizing impacts of vacant and problem properties.
- Other activities to strengthen neighborhood vitality.

## Neighborhood Stabilization Program

### **NSP funds are flexible, and can be used for a wide variety of activities:**

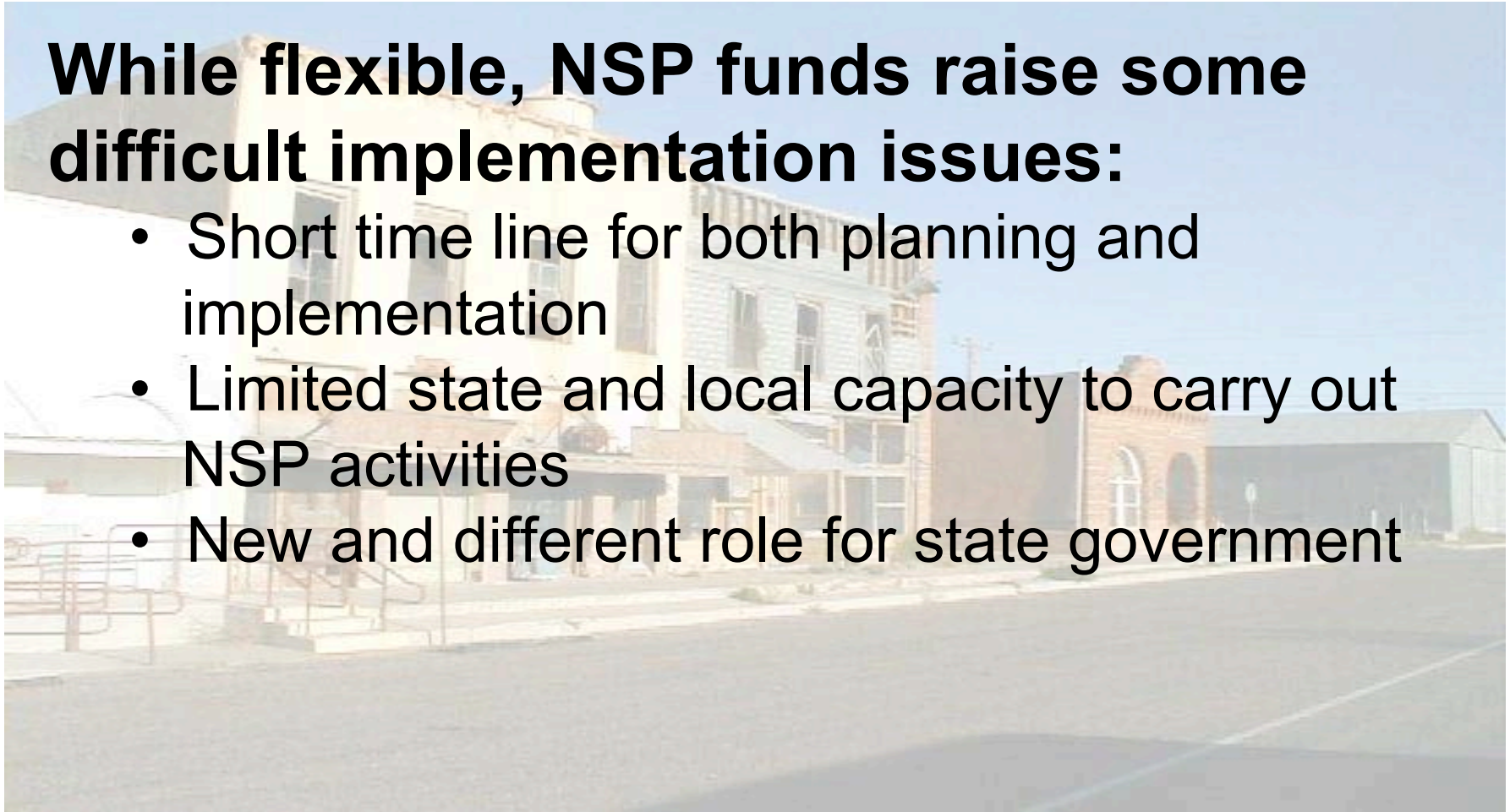
- Acquisition, rehabilitation, redevelopment and land banking (up to 10 years)
- Housing can be for sale or for rent, for economically diverse population
- Benefit criteria include target area benefit as well as individual household benefit
- Redevelopment can be for non-housing as well as housing uses.



## Neighborhood Stabilization Program

### **While flexible, NSP funds raise some difficult implementation issues:**

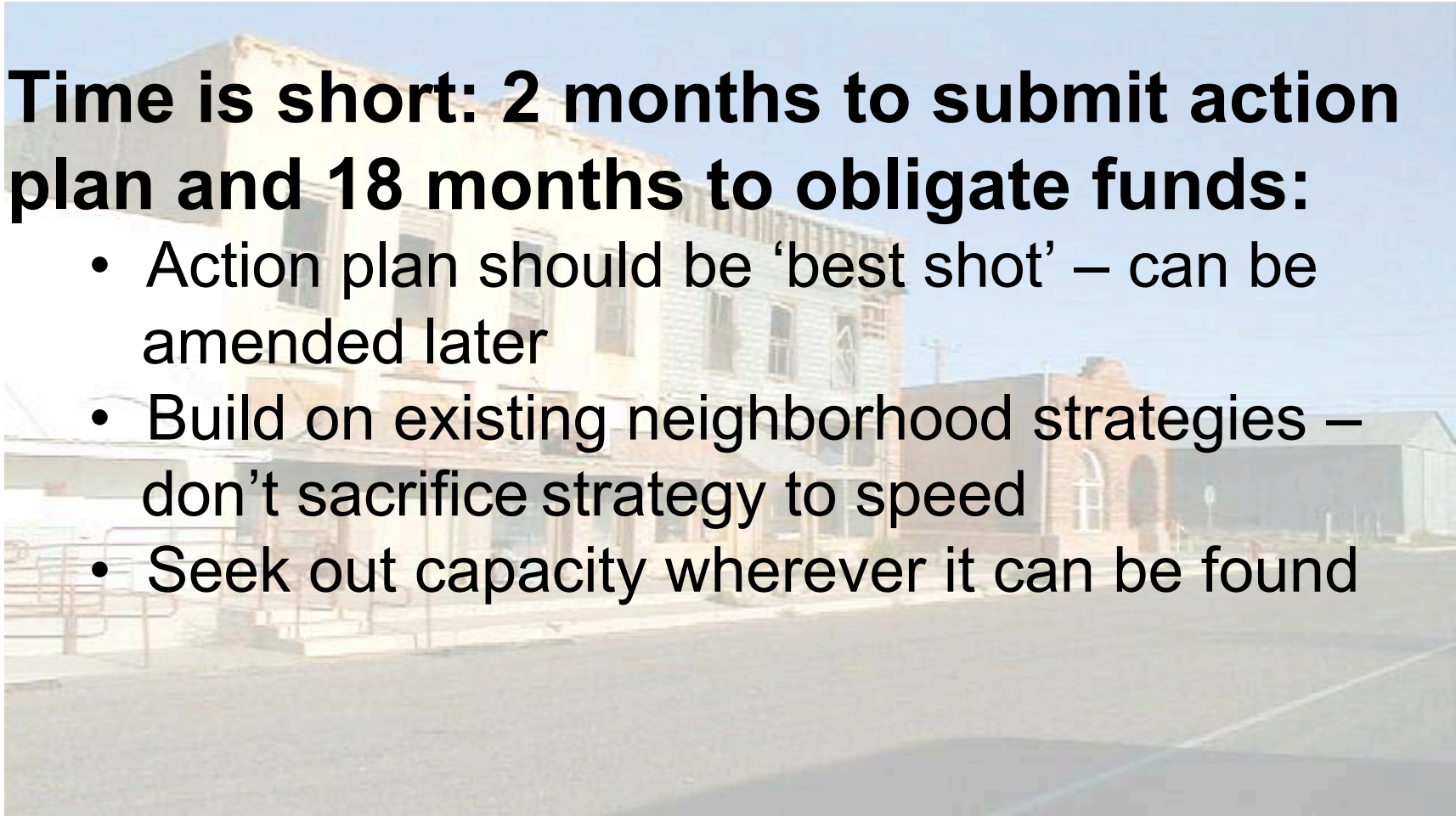
- Short time line for both planning and implementation
- Limited state and local capacity to carry out NSP activities
- New and different role for state government



## Neighborhood Stabilization Program

**Time is short: 2 months to submit action plan and 18 months to obligate funds:**

- Action plan should be ‘best shot’ – can be amended later
- Build on existing neighborhood strategies – don’t sacrifice strategy to speed
- Seek out capacity wherever it can be found



## Neighborhood Stabilization Program

### **State and local implementation capacity may be limited:**

- Experience and savvy in land acquisition
- Maintaining vacant properties – land banking
- Scattered site rehabilitation and reuse
- Marketing properties

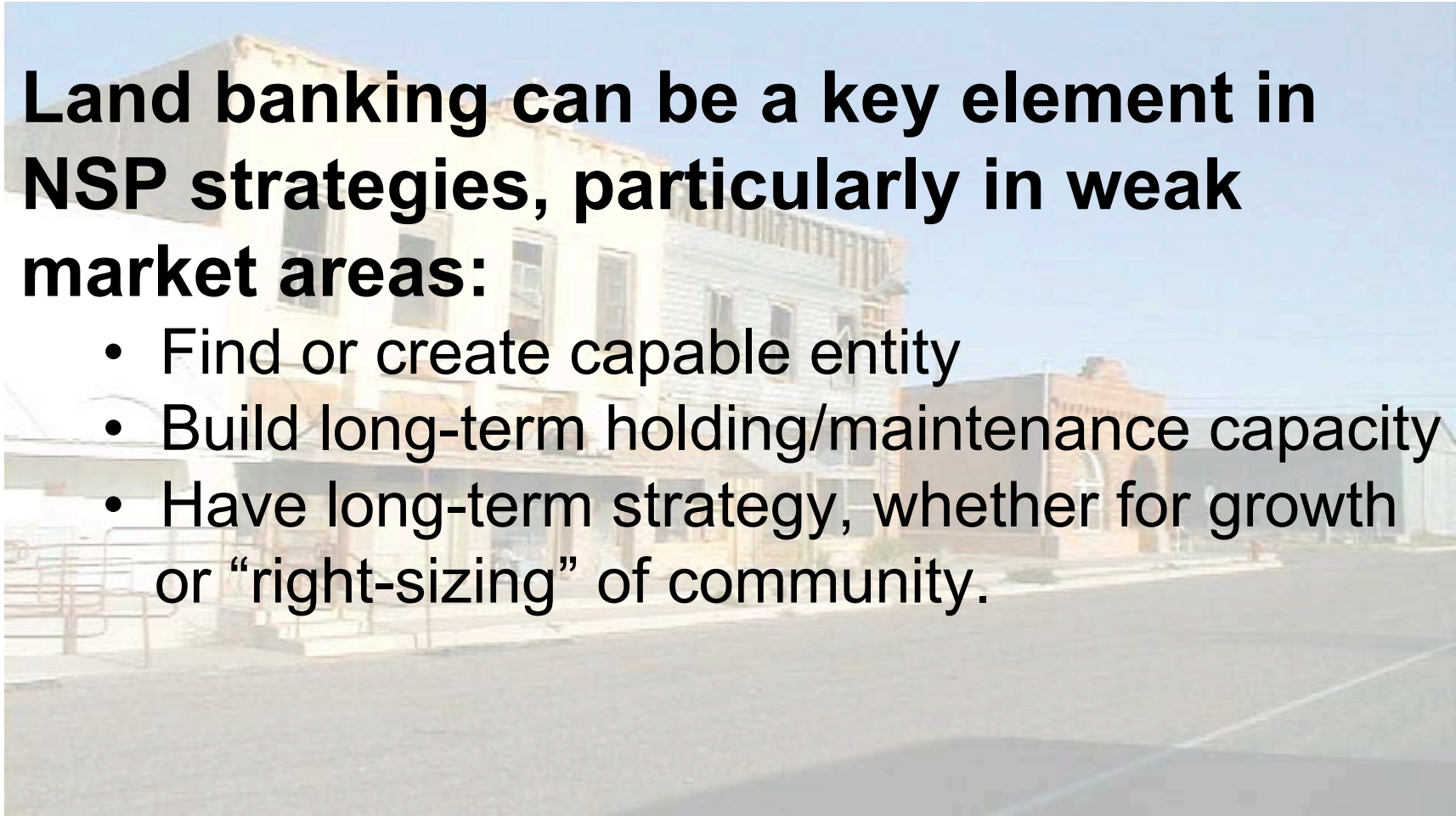
**Partnerships – with CDCs, developers, Realtors, others – are critical.**



## Neighborhood Stabilization Program

**Land banking can be a key element in NSP strategies, particularly in weak market areas:**

- Find or create capable entity
- Build long-term holding/maintenance capacity
- Have long-term strategy, whether for growth or “right-sizing” of community.



## Neighborhood Stabilization Program

### **State governments are facing new responsibilities and challenges:**

- More than half of all NSP funds are allocated to state governments
- States can either sub-allocate or spend directly.
- States should establish strategic criteria for use of NSP funds
- States should build on local public and private capacity.

## Neighborhood Stabilization Program

- **\$3.92B is not enough to solve the problems of foreclosed and vacant properties, but is enough to have a significant impact.**
- **The ultimate test of whether these funds will have “worked” will not be how many houses are bought, demolished or rehabilitated, but how many neighborhoods are restored to sustainable health and stability.**





**Alan Mallach**  
**PO Box 623**  
**Roosevelt NJ 08555**  
**609.448.5614**  
**[amallach@comcast.net](mailto:amallach@comcast.net)**